WESBANCO INC
Form 10-Q
July 30, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2015

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission File Number 000-08467

WESBANCO, INC.

(Exact name of Registrant as specified in its charter)

WEST VIRGINIA	**55-0571723**
(State of incorporation)	**(IRS Employer Identification No.)**
1 Bank Plaza, Wheeling, WV	**26003**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: 304-234-9000

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ¨ No þ

As of July 23, 2015, there were 38,527,670 shares of WesBanco, Inc. common stock, $2.0833 par value, outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WESBANCO, INC. CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except shares)	**June 30, 2015**	**December 31, 2014**
ASSETS		
Cash and due from banks, including interest bearing amounts of **$20,402** and $8,405, respectively	**$ 108,738**	$ 94,002
Securities:		
Available-for-sale, at fair value	**1,594,658**	917,424
Held-to-maturity (fair values of **$864,226** and $619,617, respectively)	**848,416**	593,670
Total securities	**2,443,074**	1,511,094
Loans held for sale	**11,160**	5,865
Portfolio loans, net of unearned income	**4,933,645**	4,086,766
Allowance for loan losses	**(43,419)**	(44,654)
Net portfolio loans	**4,890,226**	4,042,112
Premises and equipment, net	**111,692**	93,135
Accrued interest receivable	**24,739**	18,481
Goodwill and other intangible assets, net	**492,997**	319,506
Bank-owned life insurance	**154,980**	123,298
Other assets	**137,813**	89,072
Total Assets	**$ 8,375,419**	$ 6,296,565
LIABILITIES		
Deposits:		
Non-interest bearing demand	**$ 1,257,932**	$ 1,061,075
Interest bearing demand	**1,156,949**	885,037
Money market	**989,888**	954,957
Savings deposits	**1,075,711**	842,818
Certificates of deposit	**1,778,565**	1,305,096
Total deposits	**6,259,045**	5,048,983
Federal Home Loan Bank borrowings	**781,332**	223,126
Other short-term borrowings	**73,868**	80,690
Junior subordinated debt owed to unconsolidated subsidiary trusts	**106,196**	106,176
Total borrowings	**961,396**	409,992
Accrued interest payable	**2,542**	1,620
Other liabilities	**57,783**	47,780

Total Liabilities	**7,280,766**	5,508,375
SHAREHOLDERS EQUITY		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, $2.0833 par value; **100,000,000** and 50,000,000 shares authorized in 2015 and 2014, respectively; **38,546,042** and 29,367,511 issued in 2015 and 2014, respectively; outstanding: **38,519,170** and 29,298,188 shares in 2015 and 2014, respectively	**80,304**	61,182
Capital surplus	**516,990**	244,661
Retained earnings	**522,388**	504,578
Treasury stock (**26,872** and 69,323 shares in 2015 and 2014, respectively, at cost)	**(867)**	(2,151)
Accumulated other comprehensive loss	**(21,702)**	(18,825)
Deferred benefits for directors	**(2,460)**	(1,255)
Total Shareholders Equity	**1,094,653**	788,190
Total Liabilities and Shareholders Equity	**$ 8,375,419**	$ 6,296,565

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, in thousands, except shares and per share amounts)	For the Three Months Ended June 30, 2015	For the Three Months Ended June 30, 2014	For the Six Months Ended June 30, 2015	For the Six Months Ended June 30, 2014
INTEREST AND DIVIDEND INCOME				
Loans, including fees	**$ 52,316**	$ 42,546	**$ 100,036**	$ 85,291
Interest and dividends on securities:				
Taxable	**10,043**	7,452	**18,542**	14,676
Tax-exempt	**4,052**	3,435	**7,585**	6,821
Total interest and dividends on securities	**14,095**	10,887	**26,127**	21,497
Other interest income	**318**	611	**954**	713
Total interest and dividend income	**66,729**	54,044	**127,117**	107,501
INTEREST EXPENSE				
Interest bearing demand deposits	**485**	395	**907**	768
Money market deposits	**490**	466	**945**	907
Savings deposits	**163**	133	**311**	263
Certificates of deposit	**2,869**	3,422	**5,741**	7,052
Total interest expense on deposits	**4,007**	4,416	**7,904**	8,990
Federal Home Loan Bank borrowings	**949**	175	**1,507**	386
Other short-term borrowings	**92**	350	**165**	907
Junior subordinated debt owed to unconsolidated subsidiary trusts	**888**	796	**1,784**	1,587
Total interest expense	**5,936**	5,737	**11,360**	11,870
NET INTEREST INCOME	**60,793**	48,307	**115,757**	95,631
Provision for credit losses	**2,681**	849	**3,970**	3,048
Net interest income after provision for credit losses	**58,112**	47,458	**111,787**	92,583
NON-INTEREST INCOME				
Trust fees	**5,476**	5,210	**11,529**	10,858
Service charges on deposits	**4,249**	4,078	**7,918**	7,937
Electronic banking fees	**3,496**	3,267	**6,821**	6,281
Net securities brokerage revenue	**1,842**	2,003	**3,901**	3,832
Bank-owned life insurance	**989**	1,821	**2,244**	2,695
Net gains on sales of mortgage loans	**407**	475	**679**	628
Net securities gains		165	**22**	175
Net gain / (loss) on other real estate owned and other assets	**152**	(165)	**185**	(52)
Other income	**1,461**	1,387	**2,955**	2,936
Total non-interest income	**18,072**	18,241	**36,254**	35,290
NON-INTEREST EXPENSE				
Salaries and wages	**19,300**	16,904	**37,636**	33,370

Employee benefits	**6,807**	5,529	**14,123**	11,238
Net occupancy	**3,243**	2,857	**6,765**	6,348
Equipment	**3,017**	2,914	**5,958**	5,698
Marketing	**1,715**	1,713	**2,707**	2,716
FDIC insurance	**1,040**	880	**1,950**	1,757
Amortization of intangible assets	**944**	482	**1,510**	977
Restructuring and merger-related expense	**1,115**		**10,848**	
Other operating expenses	**9,408**	9,025	**18,550**	18,294
Total non-interest expense	**46,589**	40,304	**100,047**	80,398
Income before provision for income taxes	**29,595**	25,395	**47,994**	47,475
Provision for income taxes	**7,962**	6,520	**12,482**	12,179
NET INCOME	**$ 21,633**	$ 18,875	**$ 35,512**	$ 35,296
EARNINGS PER COMMON SHARE				
Basic	**$ 0.56**	$ 0.65	**$ 0.97**	$ 1.21
Diluted	**$ 0.56**	$ 0.64	**$ 0.97**	$ 1.20
AVERAGE COMMON SHARES OUTSTANDING				
Basic	**38,472,229**	29,242,180	**36,443,951**	29,212,347
Diluted	**38,531,700**	29,321,927	**36,504,671**	29,293,424
DIVIDENDS DECLARED PER COMMON SHARE	**$ 0.23**	$ 0.22	**$ 0.46**	$ 0.44
COMPREHENSIVE INCOME	**$ 13,547**	$ 22,943	**$ 32,635**	$ 42,637

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

For the Six Months Ended June 30, 2015 and 2014

(unaudited, in thousands, except shares and per share amounts)	Common Stock Shares Outstanding	Common Stock Amount	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Deferred Benefits for Directors	Total
December 31, 2014	29,298,188	$ 61,182	$ 244,661	$ 504,578	$ (2,151)	$ (18,825)	$ (1,255)	$ 788,190
Net income				**35,512**				**35,512**
Other comprehensive income						**(2,877)**		**(2,877)**
Comprehensive income								**32,635**
Common dividends declared ($0.46 per share)				**(17,702)**				**(17,702)**
Shares issued for acquisition	**9,178,531**	**19,122**	**274,507**					**293,629**
Treasury shares acquired	**(50,224)**				**(1,638)**			**(1,638)**
Stock options exercised	**44,125**		**(223)**		**1,396**			**1,173**
Restricted stock granted	**48,550**		**(1,526)**		**1,526**			
Repurchase of stock warrant			**(2,247)**					**(2,247)**
Stock compensation expense			**613**					**613**
Deferred benefits for directors- net			**1,205**				**(1,205)**	
June 30, 2015	**38,519,170**	**$ 80,304**	**$ 516,990**	**$ 522,388**	**$ (867)**	**$ (21,702)**	**$ (2,460)**	**$ 1,094,653**
December 31, 2013	29,175,236	$ 61,182	$ 244,974	$ 460,351	$ (5,969)	$ (12,734)	$ (1,209)	$ 746,595
Net income				35,296				35,296
Other comprehensive income						7,341		7,341
Comprehensive income								42,637
Common dividends declared ($0.44 per share)				(12,861)				(12,861)
Treasury shares acquired	(2,258)		49		(69)			(20)
Stock options exercised	63,393		(311)		1,969			1,658
Restricted stock granted	42,554		(1,321)		1,321			
Stock compensation expense			616					616
Deferred benefits for directors- net			22				(22)	
June 30, 2014	29,278,925	$ 61,182	$ 244,029	$ 482,786	$ (2,748)	$ (5,393)	$ (1,231)	$ 778,625

See Notes to Consolidated Financial Statements.

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WESBANCO, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands)	For the Six Months Ended June 30, 2015	2014
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 34,541**	$ 41,380
INVESTING ACTIVITIES		
Net increase in loans	**(156,166)**	(55,683)
Securities available-for-sale:		
Proceeds from sales	**560,736**	3,491
Proceeds from maturities, prepayments and calls	**121,699**	117,595
Purchases of securities	**(430,858)**	(182,501)
Securities held-to-maturity:		
Proceeds from maturities, prepayments and calls	**26,021**	18,982
Purchases of securities	**(173,754)**	(29,704)
Proceeds from bank-owned life insurance	**1,185**	
Cash paid to acquire a business, net of cash acquired	**(28,551)**	
Purchases of premises and equipment net	**(4,835)**	(2,659)
Net cash used in investing activities	**(84,523)**	(130,479)
FINANCING ACTIVITIES		
(Decrease) increase in deposits	**(35,196)**	55,248
Proceeds from Federal Home Loan Bank borrowings	**675,000**	115,532
Repayment of Federal Home Loan Bank borrowings	**(509,029)**	(16,368)
Decrease in other short-term borrowings	**(11,822)**	(35,609)
Decrease in federal funds purchased		(20,000)
Repayment of junior subordinated debt	**(36,083)**	
Repurchase of common stock warrant	**(2,247)**	
Dividends paid to common shareholders	**(15,291)**	(12,256)
Treasury shares (purchased) sold - net	**(614)**	1,489
Net cash provided by financing activities	**64,718**	88,036
Net increase (decrease) in cash and cash equivalents	**14,736**	(1,063)
Cash and cash equivalents at beginning of the period	**94,002**	95,551
Cash and cash equivalents at end of the period	**$ 108,738**	$ 94,488
SUPPLEMENTAL DISCLOSURES		
Interest paid on deposits and other borrowings	**$ 12,288**	$ 12,532
Income taxes paid	**5,070**	7,850
Transfers of loans to other real estate owned	**751**	1,610
Non-cash transactions related to ESB acquisition	**301,933**	

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation The accompanying unaudited interim financial statements of WesBanco, Inc. and its consolidated subsidiaries (WesBanco) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014.

WesBanco s interim financial statements have been prepared following the significant accounting policies disclosed in Note 1 of the Notes to the Consolidated Financial Statements of its 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the accompanying interim financial information reflects all adjustments, including normal recurring adjustments, necessary to present fairly WesBanco s financial position and results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year.

Recent accounting pronouncements In May 2015, the Financial Accounting Standards Board (the FASB) issued an Accounting Standards Update (ASU) (ASU 2015-07) related to disclosures for investments in certain entities that calculate net asset value (NAV) per share (or its equivalent). This update removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and modifies certain disclosure requirements. The update is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2015, and requires retrospective adoption. Early adoption is permitted. The adoption of this pronouncement is not expected to have a material impact on WesBanco s Consolidated Financial Statements.

In April 2015, the FASB issued ASU 2015-05 that provides guidance on when to account for a cloud computing arrangement as a software license. The guidance applies only to internal-use software that a customer obtains access to in a hosting arrangement if both of the following criteria are met: (1) The customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty, (2) it is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of this pronouncement is not expected to have a material impact on WesBanco s Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02 that revised the consolidation model, requiring reporting entities to reevaluate whether they should consolidate certain legal entities under the revised model. The amendments in this update modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities, and eliminate the presumption that a general partner should consolidate and affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. The pronouncement also provides for a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. The adoption of this pronouncement is not expected to have a material impact on WesBanco s Consolidated Financial Statements.

In August 2014, the FASB issued ASU 2014-14 related to the classification of certain government-guaranteed mortgage loans upon foreclosure. The amendments in this update require that a mortgage loan be derecognized and that a separate other receivable be recognized upon foreclosure if the following conditions are met: (1) The loan has a government guarantee that is not separable from the loan before foreclosure, (2) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, (3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based upon the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The pronouncement is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014 and may be adopted under either a modified retrospective transition method or a prospective transition method. However, the same method of transition as elected under ASU 2014-04 must be applied. While early adoption was permitted, WesBanco elected to adopt the ASU in the first quarter of 2015, which was the first interim period after December 31, 2014. The adoption of this pronouncement did not have a material impact on WesBanco s Consolidated Financial Statements.

In June 2014, the FASB issued ASU 2014-11 related to repurchase-to-maturity transactions, repurchase financing and disclosures. The pronouncement changes the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowing accounting, which is consistent with the accounting for other repurchase agreements. The pronouncement also requires two new disclosures. The first disclosure requires an entity to disclose information on transfers accounted for as sales in transactions that are economically similar to repurchase agreements. The second disclosure provides increased transparency about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The pronouncement is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. While early adoption was not permitted, WesBanco elected to adopt the ASU in the first quarter of 2015, which was the first interim period after December 31, 2014. Early adoption was not permitted. The adoption of this pronouncement did not have a material impact on WesBanco s Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09 related to the recognition of revenue from contracts with customers. The new revenue pronouncement creates a single source of revenue guidance for all companies in all industries and is more principles-based than current revenue guidance. The pronouncement provides a five-step model for a company to recognize revenue when it transfers control of goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The five steps are, (1) identify the contract with the customer, (2) identify the separate performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the separate performance obligations and (5) recognize revenue when each performance obligation is satisfied. The

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pronouncement was originally effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016 using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. Early adoption is not permitted. On July 9, 2015, the FASB approved a one-year deferral of the effective date of the update. The update is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2017. Early adoption is now permitted as of the original effective date for interim and annual reporting periods in fiscal years beginning after December 15, 2016. WesBanco is currently evaluating the impact of the adoption of this pronouncement on its Consolidated Financial Statements.

NOTE 2. MERGERS AND ACQUISITIONS

On February 10, 2015, WesBanco completed its acquisition of ESB Financial Corporation (ESB), and its wholly-owned banking subsidiary, ESB Bank (ESB Bank), a Pennsylvania-chartered stock savings bank headquartered in Ellwood City, Pennsylvania. The transaction expanded WesBanco s franchise in the Pittsburgh region of western Pennsylvania from 16 to 38 offices.

On the acquisition date, ESB had $1.9 billion in assets, excluding goodwill, which included $700.9 million in loans, and $486.9 million in securities. The ESB acquisition was valued at $339.0 million, based on WesBanco s closing stock price on February 10, 2015 of $32.00, and resulted in WesBanco issuing 9,178,531 shares of its common stock and $45.0 million in cash and other assets in exchange for ESB common stock. The assets and liabilities of ESB were recorded on WesBanco s balance sheet at their preliminary estimated fair values as of February 10, 2015, the acquisition date, and ESB s results of operations have been included in WesBanco s Consolidated Statements of Income since that date. ESB was merged into WesBanco and ESB Bank was merged into WesBanco Bank, Inc. (the Bank) on February 10, 2015. Based on a preliminary purchase price allocation, WesBanco recorded $169.3 million in goodwill and $5.3 million in core deposit intangibles in its community banking segment, representing the principal change in goodwill and intangibles from December 31, 2014. The fair values for the assets acquired and liabilities assumed are provisional amounts and are currently under review. Due to the timing of the ESB acquisition, WesBanco is still in the process of completing its fair market valuation, including the valuation of certain tangible and intangible assets as well as deferred income taxes. None of the goodwill is deductible for income tax purposes as the acquisition is accounted for as a tax-free exchange for tax purposes. As a result of the full integration of the operations of ESB, it is not practicable to determine the proforma results or revenue and net income included in WesBanco s operating results relating to ESB since the date of acquisition because ESB has been fully integrated into WesBanco s operations, and the operating results of ESB can therefore not be separately identified.

For the six months ended June 30, 2015, WesBanco recorded merger-related expenses of $10.8 million associated with the ESB acquisition. In 2014 WesBanco recognized $1.3 million in merger-related expenses in connection with the ESB acquisition.

The purchase price of the ESB acquisition and resulting goodwill is summarized as follows:

(unaudited, in thousands)		**February 10, 2015**
Purchase Price:		
Fair value of WesBanco shares issued, (net of equity issuance costs of $0.1 million)	$	293,933
Cash consideration for outstanding ESB shares, options and restricted stock		37,036
Settlement of pre-existing loan to ESB		8,000
Total purchase price	$	338,969
Fair value of:		
Tangible assets acquired	$	1,858,360
Core deposit and other intangible assets acquired		5,346
Liabilities assumed		(1,702,554)
Net cash received in the acquisition		8,485
Fair value of net assets acquired		169,637
Goodwill recognized	$	169,332

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The following table presents the preliminary allocation of the purchase price of the assets acquired and the liabilities assumed at the date of acquisition, as WesBanco intends to finalize its accounting for the acquisition of ESB during 2015:

(unaudited, in thousands)	February 10, 2015
Assets	
Cash and due from banks	$ 8,485
Securities	486,891
Loans	700,933
Goodwill and other intangible assets	174,678
Accrued income and other assets [1]	670,536
Total Assets	$ 2,041,523
Liabilities	
Deposits	$ 1,246,992
Borrowings	433,454
Accrued expenses and other liabilities	22,108
Total liabilities	1,702,554
Purchase price	$ 338,969

(1) Includes receivables of $560.7 million from the sale of available-for-sale securities prior to the acquisition date.

NOTE 3. EARNINGS PER COMMON SHARE

Earnings per common share are calculated as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(unaudited, in thousands, except shares and per share amounts)	2015	2014	2015	2014
Numerator for both basic and diluted earnings per common share:				
Net income	$ 21,633	$ 18,875	$ 35,512	$ 35,296
Denominator:				
Total average basic common shares outstanding	38,472,229	29,242,180	36,443,951	29,212,347
Effect of dilutive stock options and warrant	59,471	79,747	60,720	81,077
Total diluted average common shares outstanding	38,531,700	29,321,927	36,504,671	29,293,424
Earnings per common share - basic	$ 0.56	$ 0.65	$ 0.97	$ 1.21
Earnings per common share - diluted	$ 0.56	$ 0.64	$ 0.97	$ 1.20

All stock options outstanding were included in the computation of diluted earnings per share for the three and six months ended June 30, 2015 and 2014, respectively, as all were considered dilutive.

On February 10, 2015, WesBanco issued 9,178,531 shares to complete its acquisition of ESB. These shares are included in average shares outstanding beginning on that date. For additional information relating to the ESB acquisition, refer to Note 2,   Mergers and Acquisitions.

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NOTE 4. SECURITIES

The following table presents the fair value and amortized cost of available-for-sale and held-to-maturity securities:

	June 30, 2015				December 31, 2014			
(unaudited, in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-sale								
Obligations of government agencies	**$ 80,160**	**$ 1,172**	**$ (295)**	**$ 81,037**	$ 86,964	$ 1,087	$ (315)	$ 87,736
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**1,239,616**	**3,868**	**(11,062)**	**1,232,422**	703,535	4,336	(6,758)	701,113
Obligations of states and political subdivisions	**88,267**	**4,592**	**(88)**	**92,771**	86,073	5,365	(5)	91,433
Corporate debt securities	**177,395**	**262**	**(343)**	**177,314**	25,974	141	(119)	25,996
Total debt securities	**$ 1,585,438**	**$ 9,894**	**$ (11,788)**	**$ 1,583,544**	$ 902,546	$ 10,929	$ (7,197)	$ 906,278
Equity securities	**10,533**	**581**		**11,114**	10,304	842		11,146
Total available-for-sale securities	**$ 1,595,971**	**$ 10,475**	**$ (11,788)**	**$ 1,594,658**	$ 912,850	$ 11,771	$ (7,197)	$ 917,424
Held-to-maturity								
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**$ 120,576**	**$ 2,501**	**$ (1,153)**	**$ 121,924**	$ 79,004	$ 3,262	$ (246)	$ 82,020
Obligations of states and political subdivisions	**718,230**	**19,754**	**(5,270)**	**732,714**	507,927	23,917	(1,043)	530,801
Corporate debt securities	**9,610**	**49**	**(71)**	**9,588**	6,739	106	(49)	6,796
Total held-to-maturity securities	**$ 848,416**	**$ 22,304**	**$ (6,494)**	**$ 864,226**	$ 593,670	$ 27,285	$ (1,338)	$ 619,617
Total securities	**$ 2,444,387**	**$ 32,779**	**$ (18,282)**	**$ 2,458,884**	$ 1,506,520	$ 39,056	$ (8,535)	$ 1,537,041

At June 30, 2015, and December 31, 2014, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of WesBanco s shareholders equity.

The following table presents the fair value of available-for-sale and held-to-maturity securities by contractual maturity at June 30, 2015. In some instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

	June 30, 2015					
(unaudited, in thousands)	**One Year or less**	**One to Five Years**	**Five to Ten Years**	**After Ten Years**	**Mortgage-backed and Equity**	**Total**
Available-for-sale						
Obligations of government agencies	**$**	**$ 25,230**	**$ 38,977**	**$ 16,830**	**$**	**$ 81,037**
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (1)					**1,232,422**	**1,232,422**
Obligations of states and political subdivisions	**4,745**	**31,657**	**27,147**	**29,222**		**92,771**
Corporate debt securities	**82,862**	**56,218**	**33,344**	**4,890**		**177,314**
Equity securities (2)					**11,114**	**11,114**
Total available-for-sale securities	**$ 87,607**	**$ 113,105**	**$ 99,468**	**$ 50,942**	**$ 1,243,536**	**$ 1,594,658**
Held-to-maturity (3)						
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies (1)	**$**	**$**	**$**	**$**	**$ 121,924**	**$ 121,924**
Obligations of states and political subdivisions	**1,877**	**27,296**	**319,753**	**383,788**		**732,714**
Corporate debt securities		**1,010**	**8,578**			**9,588**
Total held-to-maturity securities	**$ 1,877**	**$ 28,306**	**$ 328,331**	**$ 383,788**	**$ 121,924**	**$ 864,226**
Total securities	**$ 89,484**	**$ 141,411**	**$ 427,799**	**$ 434,730**	**$ 1,365,460**	**$ 2,458,884**

(1) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.
(2) Equity securities, which have no stated maturity, are not assigned a maturity category.
(3) The held-to-maturity portfolio is carried at an amortized cost of $848.4 million.

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Securities with aggregate fair values of $1.1 billion and $706.5 million at June 30, 2015 and December 31, 2014, respectively, were pledged as security for public and trust funds, and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities were $560.7 million, primarily due to the ESB portfolio restructuring, and $3.5 million for the six months ended June 30, 2015 and 2014, respectively. Net unrealized (losses) gains on available-for-sale securities included in accumulated other comprehensive income net of tax, as of June 30, 2015 and December 31, 2014 were ($0.8) million and $2.9 million, respectively.

The following table presents the gross realized gains and losses on sales and calls of securities for the three and six months ended June 30, 2015 and 2014, respectively.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(unaudited, in thousands)	**2015**	**2014**	**2015**	**2014**
Gross realized gains	**$ 2**	$ 170	**$ 26**	$ 365
Gross realized losses	**(2)**	(5)	**(4)**	(190)
Net realized gains (losses)	**$**	$ 165	**$ 22**	$ 175

The following tables provide information on unrealized losses on investment securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of June 30, 2015 and December 31, 2014:

	June 30, 2015								
	Less than 12 months			12 months or more			Total		
(unaudited, dollars in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
Obligations of government agencies	**$ 37,435**	**$ (295)**	**9**	**$**	**$**		**$ 37,435**	**$ (295)**	**9**
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	**755,016**	**(7,346)**	**138**	**164,273**	**(4,869)**	**33**	**919,289**	**(12,215)**	**171**
Obligations of states and political subdivisions	**299,339**	**(4,629)**	**415**	**21,889**	**(729)**	**33**	**321,228**	**(5,358)**	**448**
Corporate debt securities	**93,533**	**(318)**	**27**	**4,890**	**(96)**	**2**	**98,423**	**(414)**	**29**
Total temporarily impaired securities	**$ 1,185,323**	**$ (12,588)**	**589**	**$ 191,052**	**$ (5,694)**	**68**	**$ 1,376,375**	**$ (18,282)**	**657**

	December 31, 2014								
	Less than 12 months			12 months or more			Total		
(unaudited, dollars in thousands)	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
Obligations of government agencies	$ 19,362	$ (77)	5	$ 19,757	$ (238)	4	$ 39,119	$ (315)	9
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	78,786	(386)	19	240,055	(6,618)	43	318,841	(7,004)	62
Obligations of states and political subdivisions	12,615	(96)	15	61,548	(952)	93	74,163	(1,048)	108
Corporate debt securities	2,969	(31)	1	4,573	(137)	2	7,542	(168)	3
Total temporarily impaired securities	$ 113,732	$ (590)	40	$ 325,933	$ (7,945)	142	$ 439,665	$ (8,535)	182

Unrealized losses on debt securities in the tables represent temporary fluctuations resulting from changes in market rates in relation to fixed yields. Unrealized losses in the available-for-sale portfolio are accounted for as an adjustment, net of taxes, to other comprehensive income in shareholders equity.

WesBanco does not believe the securities presented above are impaired due to reasons of credit quality, as there are no debt securities rated below investment grade and all are paying principal and interest according to their contractual terms. WesBanco does not intend to sell, nor is it more likely than not that it will be required to sell, loss position securities prior to recovery of their cost, and therefore, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized.

Securities that do not have readily determinable fair values and for which WesBanco does not exercise significant influence are carried at cost. Cost method investments consist primarily of FHLB of Pittsburgh and FHLB of Cincinnati stock totaling $35.0 million and $11.6 million at June 30, 2015 and December 31, 2014, respectively, and are included in other assets in the Consolidated Balance Sheets. Cost method investments are evaluated for impairment whenever events or circumstances suggest that their carrying value may not be recoverable.

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NOTE 5. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES

The recorded investment in loans is presented in the Consolidated Balance Sheets net of deferred loan fees and costs of $1.7 million and $2.4 million at June 30, 2015 and December 31, 2014, respectively.

(unaudited, in thousands)	**June 30, 2015**	**December 31, 2014**
Commercial real estate:		
Land and construction	**$ 308,885**	$ 262,643
Improved property	**1,885,228**	1,682,817
Total commercial real estate	**2,194,113**	1,945,460
Commercial and industrial	**733,478**	638,410
Residential real estate	**1,241,470**	928,770
Home equity	**379,740**	330,031
Consumer	**384,844**	244,095
Total portfolio loans	**4,933,645**	4,086,766
Loans held for sale	**11,160**	5,865
Total loans	**$ 4,944,805**	$ 4,092,631

The following tables summarize changes in the allowance for credit losses applicable to each category of the loan portfolio:

Allowance for Credit Losses By Category
For the Six Months Ended June 30, 2015 and 2014

(unaudited, in thousands)	**Commercial Real Estate-Land and Construction**	**Commercial Real Estate-Improved Property**	**Commercial & Industrial**	**Residential Real Estate**	**Home Equity**	**Consumer**	**Deposit Overdraft**	**Total**
Balance at December 31, 2014:								
Allowance for loan losses	**$ 5,654**	**$ 17,573**	**$ 9,063**	**$ 5,382**	**$ 2,329**	**$ 4,078**	**$ 575**	**$ 44,654**
Allowance for loan commitments	**194**	**10**	**112**	**9**	**90**	**40**		**455**
Total beginning allowance for credit losses	**5,848**	**17,583**	**9,175**	**5,391**	**2,419**	**4,118**	**575**	**45,109**
Provision for credit losses:								
Provision for loan losses	**(551)**	**633**	**1,448**	**25**	**1,254**	**580**	**231**	**3,620**
Provision for loan commitments	**13**	**10**	**301**	**3**	**23**			**350**
Total provision for credit losses	**(538)**	**643**	**1,749**	**28**	**1,277**	**580**	**231**	**3,970**
Charge-offs		**(1,234)**	**(1,430)**	**(944)**	**(948)**	**(1,414)**	**(381)**	**(6,351)**
Recoveries		**256**	**110**	**301**	**53**	**658**	**118**	**1,496**
Net charge-offs		**(978)**	**(1,320)**	**(643)**	**(895)**	**(756)**	**(263)**	**(4,855)**

Balance at June 30, 2015:								
Allowance for loan losses	**5,103**	**17,228**	**9,191**	**4,764**	**2,688**	**3,902**	**543**	**43,419**
Allowance for loan commitments	**207**	**20**	**413**	**12**	**113**	**40**		**805**
Total ending allowance for credit losses	**$ 5,310**	**$ 17,248**	**$ 9,604**	**$ 4,776**	**$ 2,801**	**$ 3,942**	**$ 543**	**$ 44,224**
Balance at December 31, 2013:								
Allowance for loan losses	$ 6,056	$ 18,157	$ 9,925	$ 5,673	$ 2,017	$ 5,020	$ 520	$ 47,368
Allowance for loan commitments	301	62	130	5	85	19		602
Total beginning allowance for credit losses	6,357	18,219	10,055	5,678	2,102	5,039	520	47,970
Provision for credit losses:								
Provision for loan losses	(405)	(511)	1,870	575	392	642	551	3,114
Provision for loan commitments	(20)	(52)	1		5			(66)
Total provision for credit losses	(425)	(563)	1,871	575	397	642	551	3,048
Charge-offs		(728)	(2,384)	(1,207)	(348)	(1,610)	(362)	(6,639)
Recoveries		390	543	248	71	512	134	1,898
Net charge-offs		(338)	(1,841)	(959)	(277)	(1,098)	(228)	(4,741)
Balance at June 30, 2014:								
Allowance for loan losses	5,651	17,308	9,954	5,289	2,132	4,564	843	45,741
Allowance for loan commitments	281	10	131	5	90	19		536
Total ending allowance for credit losses	$ 5,932	$ 17,318	$ 10,085	$ 5,294	$ 2,222	$ 4,583	$ 843	$ 46,277

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The following tables present the allowance for credit losses and recorded investments in loans by category:

(unaudited, in thousands)	Allowance for Credit Losses and Recorded Investment in Loans							
	Commercial Real Estate- Land and Construction	**Commercial Real Estate- Improved Property**	**Commercial and Industrial**	**Residential Real Estate**	**Home Equity**	**Consumer**	**Over-draft**	**Total**
June 30, 2015								
Allowance for credit losses:								
Allowance for loans individually evaluated for impairment	**$**	**$ 2,891**	**$ 1,021**	**$**	**$**	**$**	**$**	**$ 3,912**
Allowance for loans collectively evaluated for impairment	**5,103**	**14,337**	**8,170**	**4,764**	**2,688**	**3,902**	**543**	**39,507**
Allowance for loan commitments	**207**	**20**	**413**	**12**	**113**	**40**		**805**
Total allowance for credit losses	**$ 5,310**	**$ 17,248**	**$ 9,604**	**$ 4,776**	**$ 2,801**	**$ 3,942**	**$ 543**	**$ 44,224**
Portfolio loans:								
Individually evaluated for impairment [1]	**$ 1,040**	**$ 18,054**	**$ 5,388**	**$**	**$**	**$**	**$**	**$ 24,482**
Collectively evaluated for impairment	**307,845**	**1,867,174**	**728,090**	**1,241,470**	**379,740**	**384,844**		**4,909,163**
Total portfolio loans	**$ 308,885**	**$ 1,885,228**	**$ 733,478**	**$ 1,241,470**	**$ 379,740**	**$ 384,844**	**$**	**$ 4,933,645**
December 31, 2014								
Allowance for credit losses:								
Allowance for loans individually evaluated for impairment	$	$ 2,765	$ 1,033	$	$	$	$	$ 3,798
Allowance for loans collectively evaluated for impairment	5,654	14,808	8,030	5,382	2,329	4,078	575	40,856
Allowance for loan commitments	194	10	112	9	90	40		455
Total allowance for credit losses	$ 5,848	$ 17,583	$ 9,175	$ 5,391	$ 2,419	$ 4,118	$ 575	$ 45,109
Portfolio loans:								
Individually evaluated for impairment [1]	$	$ 11,469	$ 2,844	$	$	$	$	$ 14,313
Collectively evaluated for impairment	262,643	1,671,348	635,566	928,770	330,031	244,095		4,072,453
Total portfolio loans	$ 262,643	$ 1,682,817	$ 638,410	$ 928,770	$ 330,031	$ 244,095	$	$ 4,086,766

[1] Commercial loans greater than $1 million that are reported as non-accrual or as troubled debt restructuring (TDR), including acquired with deteriorated credit quality, are individually evaluated for impairment.

WesBanco maintains an internal loan grading system to reflect the credit quality of commercial loans. Commercial loan risk grades are determined based on an evaluation of the relevant characteristics of each loan, assigned at the inception of each loan and adjusted thereafter at any time to reflect changes in the risk profile throughout the life of each loan. The primary factors used to determine the risk grade are the reliability and sustainability of the primary source of repayment and overall financial strength of the borrower. This includes an analysis of cash flow available to repay debt, profitability, liquidity, leverage, and overall financial trends. Other factors include management, industry or property type risks, an assessment of secondary sources of repayment such as collateral or guarantees, other terms and conditions of the loan that may increase or reduce its risk, and economic conditions and other external factors that may influence repayment capacity and financial condition.

Commercial real estate land and construction consists of loans to finance investments in vacant land, land development, construction of residential housing, and construction of commercial buildings. Commercial real estate improved property consists of loans for the purchase or refinance of all types of improved owner-occupied and investment properties. Factors that are considered in assigning the risk grade vary depending on the type of property financed. The risk grade assigned to construction and development loans is based on the overall viability of the project, the experience and financial capacity of the developer or builder to successfully complete the project, project specific and market absorption rates and comparable property values, and the amount of pre-sales for residential housing construction or pre-leases for commercial investment property. The risk grade assigned to commercial investment property loans is based primarily on the adequacy of net rental income generated by the property to service the debt, the type, quality, industry and mix of tenants, and the terms of leases, but also considers the overall financial capacity of the investors and their experience in owning and managing investment property. The risk grade assigned to owner-occupied commercial real estate and commercial and industrial loans is based primarily on historical and projected earnings, the adequacy of operating cash flow to service all of the business debt, and the capital resources, liquidity and leverage of the business, but also considers the industry in which the business operates, the business specific competitive advantages or disadvantages, the quality and experience of management, and external influences on the business such as economic conditions. Other factors that are considered for commercial and industrial loans include the type, quality and marketability of non-real estate collateral and whether the structure of the loan increases or reduces its risk. The type, age, condition, location and any environmental risks associated with a property are also considered for all types of commercial real estate. The overall financial condition and repayment capacity of any guarantors is also evaluated to determine the extent to which they mitigate other risks of the loan. The following paragraphs provide descriptions of risk grades that are applicable to commercial real estate and commercial and industrial loans.

Pass loans are those that exhibit a history of positive financial results that are at least comparable to the average for their industry or type of real estate. The primary source of repayment is acceptable and these loans are expected to perform satisfactorily during most economic cycles. Pass loans typically have no significant external factors that are expected to adversely affect these borrowers more than others in the same industry or property type. Any minor unfavorable characteristics of these loans are outweighed or mitigated by other positive factors including but not limited to adequate secondary or tertiary sources of repayment.

Criticized or compromised loans are currently protected but have weaknesses, which, if not corrected, may be inadequately protected at some future date. These loans represent an unwarranted credit risk and would generally not be extended in the normal course of lending. Specific issues which may warrant this grade include declining financial results, increased reliance on secondary sources of repayment or guarantor support and adverse external influences that may negatively impact the business or property.

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Substandard and doubtful loans are equivalent to the classifications used by banking regulators. Substandard loans are inadequately protected by the current repayment capacity and equity of the borrower or collateral pledged, if any. Substandard loans have one or more well-defined weaknesses that jeopardize their repayment or collection in full. These loans may or may not be reported as non-accrual. Doubtful loans have all the weaknesses inherent to a substandard loan with the added characteristic that full repayment is highly questionable or improbable on the basis of currently existing facts, conditions and collateral values. However, recognition of loss may be deferred if there are reasonably specific pending factors that will reduce the risk if they occur.

The following tables summarize commercial loans by their assigned risk grade:

	Commerical Loans by Internally Assigned Risk Grade			
(unaudited, in thousands)	**Commercial Real Estate- Land and Construction**	**Commercial Real Estate- Improved Property**	**Commercial & Industrial**	**Total Commercial Loans**
As of June 30, 2015				
Pass	**$ 302,514**	**$ 1,830,655**	**$ 711,497**	**$ 2,844,666**
Criticized - compromised	**3,664**	**13,463**	**11,153**	**28,280**
Classified - substandard	**2,707**	**41,110**	**10,828**	**54,645**
Classified - doubtful				
Total	**$ 308,885**	**$ 1,885,228**	**$ 733,478**	**$ 2,927,591**
As of December 31, 2014				
Pass	$ 257,218	$ 1,627,771	$ 617,742	$ 2,502,731
Criticized - compromised	3,645	17,873	12,770	34,288
Classified - substandard	1,780	37,173	7,898	46,851
Classified - doubtful				
Total	$ 262,643	$ 1,682,817	$ 638,410	$ 2,583,870

Residential real estate, home equity and consumer loans are not assigned internal risk grades other than as required by regulatory guidelines that are based primarily on the age of past due loans. WesBanco primarily evaluates the credit quality of residential real estate, home equity and consumer loans based on repayment performance and historical loss rates. The aggregate amount of residential real estate, home equity and consumer loans classified as substandard in accordance with regulatory guidelines were $15.3 million at June 30, 2015 and $15.2 million at December 31, 2014, of which $2.3 and $2.2 million were accruing, for each period, respectively. The aggregate amount of residential real estate, home equity and consumer loans classified as substandard are not included in the tables above.

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Acquired Loans - Loans acquired in connection with acquisitions are recorded at their acquisition-date fair value in accordance with ASC 805, Business Combinations, with no carryover of related allowance for credit losses. Determining the fair value of the acquired loans involves estimating the principal and interest cash flows expected to be collected on the loans and discounting those cash flows at a market rate of interest. Management considers a number of factors in evaluating the acquisition-date fair value including the remaining life of the acquired loans, delinquency status, estimated prepayments, payment options and other loan features, internal risk grade, estimated value of the underlying collateral and interest rate environment.

Loans acquired with deteriorated credit quality are accounted for in accordance with ASC 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality (ASC 310-30), and therefore impaired if, at acquisition, the loans have evidence of credit quality deterioration since origination and it is probable that all contractually required payments will not be collected. At acquisition, WesBanco considers several factors as indicators that an acquired loan has evidence of deterioration in credit quality. These factors include loans 90 days or more past due, loans with an internal risk grade of substandard or below, loans classified as non-accrual by the acquired institution, and loans that have been previously modified as a TDR.

Acquired loans that were not individually determined to be impaired are considered performing and are accounted for in accordance with ASC 310-20, Nonrefundable Fees and Other Costs (ASC 310-20), whereby the premium or discount derived from the fair market value adjustment, on a loan-by-loan or pooled basis, is recognized into interest income on a level yield over the remaining expected life of the loan or pool.

Under the ASC 310-30 model, the excess of cash flows expected to be collected at acquisition over recorded fair value is referred to as the accretable yield and is the interest component of expected cash flow. The accretable yield is recognized into income over the remaining life of the loan if the timing and/or amount of cash flows expected to be collected can be reasonably estimated. If the timing or amount of cash flows expected to be collected cannot be reasonably estimated, the cost recovery method of income recognition is used. The difference between the loan s total scheduled principal and interest payments over all cash flows expected to be collected at acquisition, considering the impact of prepayments, is referred to as the non-accretable difference. The non-accretable difference represents contractually required principal and interest payments which WesBanco does not expect to collect.

Over the life of the loan, management continues to estimate cash flows expected to be collected. Decreases in expected cash flows are recognized as impairments through a charge to the provision for loan losses resulting in an increase in the allowance for loan losses. Subsequent improvements in cash flows result in first, reversal of existing valuation allowances recognized subsequent to acquisition, if any, and next, an increase in the amount of accretable yield to be subsequently recognized in interest income on a prospective basis over the loan s remaining life.

In conjunction with the ESB acquisition, WesBanco acquired loans with a book value of $716.2 million. These loans were recorded at their fair value of $700.9 million, with $690.1 million categorized as performing. The fair market value adjustment on performing loans of $10.0 million at acquisition date is expected to be recognized into interest income on a level yield basis over the remaining expected life of the performing loans.

Loans acquired with deteriorated credit quality with a book value of $16.1 million and contractually required payments of $21.7 million were recorded at their estimated fair value of $10.8 million. The accretable yield on the acquired impaired loans was estimated at $1.9 million at the acquisition date with $1.6 million remaining at June 30, 2015. For the six months ended June 30, 2015 accretion recognized in interest income on acquired impaired loans was $0.3 million. The balance of loans acquired with deteriorated credit quality at June 30, 2015, was $10.0 million, of which $8.5 million were categorized as non-accrual and $1.5 million were categorized as accruing TDRs, while the non-accretable difference was $9.0 million. At June 30, 2015 no allowance for loan losses has been recognized related to the acquired impaired loans.

The following tables summarize the age analysis of all categories of loans:

(unaudited, in thousands)	Age Analysis of Loans						
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Total Loans	90 Days or More Past Due and Accruing (1)
As of June 30, 2015							
Commercial real estate:							
Land and construction	**$ 307,522**	**$ 252**	**$**	**$ 1,111**	**$ 1,363**	**$ 308,885**	**$**
Improved property	**1,870,393**	**1,304**	**797**	**12,734**	**14,835**	**1,885,228**	**180**
Total commercial real estate	**2,177,915**	**1,556**	**797**	**13,845**	**16,198**	**2,194,113**	**180**
Commercial and industrial	**729,815**	**356**	**896**	**2,411**	**3,663**	**733,478**	**3**
Residential real estate	**1,229,198**	**1,014**	**3,322**	**7,936**	**12,272**	**1,241,470**	**1,838**
Home equity	**375,663**	**1,212**	**1,010**	**1,855**	**4,077**	**379,740**	**228**
Consumer	**381,146**	**2,753**	**618**	**327**	**3,698**	**384,844**	**222**
Total portfolio loans	**4,893,737**	**6,891**	**6,643**	**26,374**	**39,908**	**4,933,645**	**2,471**
Loans held for sale	**11,160**					**11,160**	
Total loans	**$ 4,904,897**	**$ 6,891**	**$ 6,643**	**$ 26,374**	**$ 39,908**	**$ 4,944,805**	**$ 2,471**
Impaired loans included above are as follows:							
Non-accrual loans	**$ 21,964**	**$ 1,030**	**$ 1,641**	**$ 23,569**	**$ 26,240**	**$ 48,204**	
TDRs accruing interest (1)	**12,081**	**109**	**434**	**334**	**877**	**12,958**	
Total impaired	**$ 34,045**	**$ 1,139**	**$ 2,075**	**$ 23,903**	**$ 27,117**	**$ 61,162**	
As of December 31, 2014							
Commercial real estate:							
Land and construction	$ 261,356	$ 20	$	$ 1,267	$ 1,287	$ 262,643	$ 71
Improved property	1,665,363	961	4,772	11,721	17,454	1,682,817	
Total commercial real estate	1,926,719	981	4,772	12,988	18,741	1,945,460	71
Commercial and industrial	634,482	1,834	240	1,854	3,928	638,410	22
Residential real estate	915,968	1,237	3,384	8,181	12,802	928,770	1,306
Home equity	325,291	1,877	895	1,968	4,740	330,031	570
Consumer	240,365	2,571	685	474	3,730	244,095	319
Total portfolio loans	4,042,825	8,500	9,976	25,465	43,941	4,086,766	2,288
Loans held for sale	5,865					5,865	
Total loans	$ 4,048,690	$ 8,500	$ 9,976	$ 25,465	$ 43,941	$ 4,092,631	$ 2,288
Impaired loans included above are as follows:							
Non-accrual loans	$ 7,562	$ 2,884	$ 5,552	$ 22,820	$ 31,256	$ 38,818	
TDRs accruing interest (1)	11,016	151	542	357	1,050	12,066	

Total impaired	$ 18,578	$ 3,035	$ 6,094	$ 23,177	$ 32,306	$ 50,884

(1) Loans 90 days or more past due and accruing interest exclude TDRs 90 days or more past due and accruing interest.

Impaired Loans A loan is considered impaired, based on current information and events, if it is probable that WesBanco will be unable to collect the payments of principal and interest when due according to the contractual terms of the loan agreement. Impaired loans generally included all non-accrual loans and TDRs.

Loans are generally placed on non-accrual when they are 90 days past due unless the loan is well-secured and in the process of collection. Loans may also be placed on non-accrual when full collection of principal is in doubt even if payments on such loans remain current, or may remain on non-accrual if they were past due but subsequently brought current.

Loans are categorized as TDRs when the Bank, for economic or legal reasons related to a borrower s financial difficulties, grants a concession to the borrower that it would not otherwise consider.

Acquired loans that have experienced a deterioration of credit quality from origination to acquisition for which it is probable that WesBanco will be unable to collect all contractually required payments receivable, including both principal and interest, are considered impaired.

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The following tables summarize impaired loans:

	Impaired Loans					
	June 30, 2015			December 31, 2014		
(unaudited, in thousands)	**Unpaid Principal Balance (1)**	**Recorded Investment**	**Related Allowance**	**Unpaid Principal Balance (1)**	**Recorded Investment**	**Related Allowance**
With no related specific allowance recorded:						
Commercial real estate:						
Land and construction	**$ 2,711**	**$ 2,509**	**$**	$ 1,588	$ 1,488	$
Improved property	**28,520**	**21,001**		16,480	14,684	
Commercial and industrial	**5,926**	**3,461**		3,152	2,597	
Residential real estate	**19,914**	**17,967**		20,077	18,544	
Home equity	**3,293**	**2,995**		2,890	2,663	
Consumer	**1,522**	**1,189**		1,287	1,086	
Total impaired loans without a specific allowance	**61,886**	**49,122**		45,474	41,062	
With a specific allowance recorded:						
Commercial real estate:						
Land and construction						
Improved property	**7,511**	**7,511**	**2,891**	7,980	7,980	2,765
Commercial and industrial	**5,833**	**4,529**	**1,021**	1,842	1,842	1,033
Total impaired loans with a specific allowance	**13,344**	**12,040**	**3,912**	9,822	9,822	3,798
Total impaired loans	**$ 75,230**	**$ 61,162**	**$ 3,912**	$ 55,296	$ 50,884	$ 3,798

(1) The difference between the unpaid principal balance and the recorded investment generally reflects amounts that have been previously charged-off and fair market value adjustments on acquired impaired loans.

	Impaired Loans							
	For the Three Months Ended				For the Six Months Ended			
	June 30, 2015		June 30, 2014		June 30, 2015		June 30, 2014	
(unaudited, in thousands)	**Average Recorded Investment**	**Interest Income Recognized**	**Average Recorded Investment**	**Interest Income Recognized**	**Average Recorded Investment**	**Interest Income Recognized**	**Average Recorded Investment**	**Interest Income Recognized**
With no related specific allowance recorded:								
Commercial real estate:								
Land and construction	**$ 2,493**	**$ 2**	$ 2,143	$ 13	**$ 2,158**	**$ 18**	$ 2,283	$ 15
Improved Property	**21,741**	**240**	18,572	133	**19,389**			